

Message Text

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R 250120Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY STOCKHOLM

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FOR ASSISTANT SECRETARY ENDERS

THE FOLLOWING MESSAGE SENT TO SECSTATE EC BRUSSELS

INFO BONN BRUSSELS COPENHAGEN DUBLIN LONDON LUXEMBOURG PARIS

ROME GENEVA DTG R 211656Z NOV 75 FM THE HAGUE

QUOTE LIMITED OFFICIAL USE THE HAGUE 5996

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, EAGR, EEC

SUBJECT: REFORM OF THE CAP

REF: A) EC BRUSSELS 10105

B) THE HAGUE 4916 (NOTAL)

C) THE HAGUE 5324 (NOTAL)

1. SUMMARY. DUTCH ARE COMMITTED TO CAP FOR BOTH
ECONOMIC AND POLITICAL REASONS. WHILE DUTCH OFFICIALS IN MINISTRY
OF ECONOMIC AFFAIRS MIGHT BE WILLING TO PRESS FOR SOME CAP
REFORM, PERHAPS AS PART OF AN EC TRADE-OFF WITH THE US IN
MTN, THE OCTOBER 29-30 AGRICULTURE COUNCIL WAS NOT CONSIDERED
EITHER THE TIME OR THE PLACE. EVEN DUTCH ECONOMIC MORALISTS
MAY BE FORGIVEN FOR HESITATING DURING A PERIOD OF
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RECESSION TO SUGGEST THAT GON SHOULD ADVOCATE A REDUCTION IN

EC FEOGA PAYMENTS WHICH HELP DUTCH AGRICULTURE. RECENT INDICATIONS OF DUTCH OFFICIAL ATTITUDES TOWARD CAP REFORM ARE SUMMARIZED IN FOLLOWING SECTIONS. END SUMMARY.

2. WHEN AMBASSADOR DENT RAISED SUBJECT OF CAP OCTOBER 16 WITH ECONOMICS MINISTER LUBBERS (REXTEL C), LUBBERS MADE POINT THAT CAP WAS STILL SACRED TO FRENCH AND SOME OTHER EC MEMBERS TO POINT WHERE "YOU CAN BREAK YOUR HANDS ON CAP"--IF YOU STRIKE AT IT DIRECTLY, BUT EVEN FRENCH MIGHT BE WILLING TO MAKE SOME PROGRESS ON A FEW SPECIFIC ISSUES. LUBBERS ADDED THAT PROGRESS MIGHT BEST BE ACHIEVED IF EFFORT WERE MADE IN LARGER CONTEXT OF SEEKING SOLUTION TO WORLD FOOD PROBLEM. LUBBERS THEN DEFENDED POLITICAL AND SOCIAL NEED OF EUROPEANS TO PROTECT THEIR SMALLER LESS EFFICIENT FARMERS AND SAID HE BELIEVED IT WOULD TAKE EC 10 TO 20 YEARS TO CATCH UP WITH US. DENT COUNTERED THAT IT WAS NOT A QUESTION OF PROTECTING OR PRESERVING A FARMER'S WAY OF LIFE OR OF INTERFERING IN INTERNAL AFFAIRS, BUT, IF INTERNAL POLICIES LEAD TO SUBSIDIZED SURPLUSES AND EXPORTS, THE BORDER EFFECTS OF SUBSIDIZATION BECOME A LEGITIMATE PROBLEM FOR US AND THIRD COUNTRIES. LUBBERS AGREED, REMARKED THAT USG ACTION ON RESTRICTING SOY-BEAN DELIVERIS HAD BEEN ANOTHER EXAMPLE OF INTERNAL DECISIONS WHICH HURT OTHERS, AND SUGGESTED THAT BORDER EFFECTS COULD BEST BE HANDLED THROUGH CONSULTATION AND FINANCIAL TRANSFERS TO AVOID LOW EXPORT PRICES.

3. ECONOMIC MINISTRY DIRECTOR GENERAL FOR INTERNATIONAL AFFAIRS DE GROOTH (FOLLOWING AMBASSADOR GREENWALD'S SEMINAR AT EMBASSY NOV 3) WHEN QUERIED ABOUT HOW FAR HE THOUGHT FRG MIGHT GO IN ITS EFFORT TO TRIM CAP, SAID GERMAN BLUSTERING WOULD DISAPPEAR AS SOON AS FRENCH AND OTHERS BEGAN TO ASK GERMANS HOW MUCH GERMAN INDUSTRY BENEFITS FROM ITS TRADE WITH THE REST OF THE EC.

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